

# HOUSE BILL REPORT

## HB 2748

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### As Reported by House Committee On: Local Government

**Title:** An act relating to transferring ferry and flood control zone district functions and taxing authorities to county legislative authorities in counties with a population of one million five hundred thousand or more.

**Brief Description:** Concerning ferry and flood control zone district functions and taxing authorities.

**Sponsors:** Representatives Fitzgibbon, Anderson and Hasegawa.

#### **Brief History:**

##### **Committee Activity:**

Local Government: 1/31/12 [DP].

#### **Brief Summary of Bill**

- Authorizes counties with a population of 1.5 million or more to assume all powers and obligations of a county ferry district, and subsequently abolish the county ferry district.
- Authorizes counties with a population of 1.5 million or more to assume all powers and obligations of a flood control zone district, and subsequently abolish the flood control zone district.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 6 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Asay, Assistant Ranking Minority Member; Springer, Tharinger and Upthegrove.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Angel, Ranking Minority Member; Rodne and Smith.

**Staff:** Kelly Pfundheller (786-7289).

#### **Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## County Ferry Districts.

*Governance and Formation.* Counties are authorized to construct, purchase, operate, and maintain ferry systems under the direction and control of the county legislative authority. In lieu of governing a ferry system internally, the legislative authority of a county may adopt an ordinance creating a county ferry district (district) in all or a portion of the area of the county. The ordinance may be adopted only after a public hearing has been held, and the county makes a finding that it is in the public interest to create the district. The members of the county legislative authority, by virtue of their office, compose the governing body of any district created in their county.

*Powers and Duties.* A district may construct, purchase, operate, and maintain passenger-only ferries or wharves at any unfordable stream, lake, estuary, or bay within or bordering the district, or between the district and other districts, together with the necessary boats, grounds, roads, approaches, and landings. A ferry district may provide services for free or may charge a toll.

*Finances.* The governing body of a district may levy an ad valorem tax on all taxable property located within the district not to exceed 75 cents per \$1,000 of assessed value, except that a district located in a county with a population of 1.5 million or more may not levy at a rate that exceeds 7.5 cents per \$1,000 of assessed value. Revenue from the tax may only be used for providing ferry services, operating, maintaining and improving vessels and dock facilities, providing shuttle services, landside improvements directly related to ferry services, and related personnel costs. A district may also impose excess levies for a one-year period to be used for operating or capital purposes whenever authorized by the electors of the district. A district may incur general indebtedness and issue general obligation bonds.

*Dissolution.* In order to dissolve a district, a petition must be signed by a majority of the members of the county legislative authority and presented to the superior court of the county. If the court issues an order of dissolution, the district's assets are sold, and all proceeds of the sale, together with any cash assets, are used to pay for outstanding claims and related costs and expenses. Remaining proceeds and cash assets are paid to the county treasurer and credited to the school districts in the county.

## Flood Control Zone Districts.

*Governance and Formation.* A flood control zone district (zone) is a special purpose district designed to undertake, operate, and maintain flood control projects or storm water control projects that are of special benefit to specified areas of a county. A zone may be formed by an action of the Board of Commissioners (county legislative authority), or by petition of 25 percent of voters in a zone. The members of the county legislative authority, by virtue of their office, are supervisors of zones created in their county. In any zone with more than 2,000 residents, an election of supervisors, other than the members of the county legislative authority, may be held.

*Powers and Duties.* A zone may exercise the powers vested in a county for flood water or storm water control purposes, which includes planning, constructing, acquiring, repairing, maintaining, and operating all necessary equipment, facilities, improvements, and works to

control, conserve, and remove flood waters and storm waters, and protect the quality of water sources. A zone is permitted to acquire necessary property and property rights or reclaim lands when incidental to the purposes of the zone.

*Finances.* A zone may receive funding from a variety of sources, including property tax receipts, rates, charges, and assessments, and debt proceeds. A zone may impose an ad valorem tax within the zone not to exceed 50 cents per \$1,000 of assessed value. Subject to voter approval, a zone may also impose excess levies for general purposes and to retire general obligation bonds issued for capital purposes. A zone may incur general indebtedness and issue general obligation bonds and revenue bonds. Zone supervisors may authorize local improvement districts.

*Dissolution.* A zone may be dissolved either by the adoption of a resolution by the county legislative authority or by county legislative approval or voter approval of a petition filed by 25 percent of the voters. Any property or assets of the zone may be conveyed to the county or a remaining zone.

#### County Population.

King County is currently the only county with a population exceeding 1.5 million.

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#### **Summary of Bill:**

##### County Ferry Districts.

*Vesting of Governing Powers to the County.* If a district has been established with boundaries coterminous with the boundaries of a county with a population of 1.5 million or more, the county legislative authority may, by ordinance or resolution, initiate a process to assume the rights, powers, functions, and obligations of the district.

Prior to assuming the powers and obligations of the district, the county legislative authority must hold a public hearing and make a finding that it is in the public interest. Subsequently, all powers and obligations granted to or possessed by the district vest to the county, and the district must be abolished. All future actions must be taken in the name of the county and title to all property vests to the county.

*Transferring of Powers and Duties.* All pending business before the board of the transferred district must be continued and acted upon by the county. All existing contracts and obligations of the transferred district remain in full force and effect and must be performed by the county. Procedures and requirements for transferring other assets are established.

Employees and personnel of the district do not automatically become employees of the county.

*Finances.* The county assumes the district's powers to finance a ferry system. The county legislative authority must act in the same manner as the governing body of the district for the

purpose of certifying the amount of any property tax to be levied and collected, and may impose service charges and assessments. An ad valorem property tax levied by a county must be treated as a levy by a district for all purposes.

The county may perform all acts necessary to ensure the performance of the contractual obligations of the district in the same manner as if the property of the district had not been acquired by the county. The county must assume and agree to provide for the payment of all of the district's debts and obligations, including payment and retirement of outstanding general obligation and revenue bonds. Until debts and obligations are discharged, the owners and occupants of the property located within the district are liable for taxes, assessments, and other legally pledged to pay the district's debts and obligations.

#### Flood Control Zone Districts.

*Vesting of Governing Powers to the County.* If a zone has been established with boundaries coterminous with the boundaries of a county with a population of 1.5 million or more, the county legislative authority may, by ordinance or resolution, initiate a process to assume the rights, powers, functions, and obligations of the zone.

Prior to assuming the powers and obligations of the district, the county legislative authority must hold a public hearing and make a finding that it is in the public interest. Subsequently, all powers and obligations granted to or possessed by the zone vest to the county, and the zone must be abolished. All future actions must be taken in the name of the county and title to all property vests to the county.

*Transferring of Powers and Duties.* All pending business before the board of the transferred zone must be continued and acted upon by the county. All existing contracts and obligations of the transferred zone remain in full force and effect and must be performed by the county. Procedures and requirements for transferring other assets are established.

*Finances.* The county assumes the zone's powers to finance flood control projects and storm water control projects. The county legislative authority must act in the same manner as the governing body of the zone for the purpose of certifying the amount of any property tax to be levied and collected, and may impose service charges and assessments. An ad valorem property tax levied by a county must be treated as a levy by a zone for all purposes.

The county may perform all acts necessary to ensure the performance of the contractual obligations of the zone in the same manner as if the property of the zone has not been acquired by the county. The county must assume and agree to provide for the payment of all of the zone's debts and obligations, including payment and retirement of outstanding general obligation and revenue bonds. Until debts and obligations are discharged, the owners and occupants of the property located within the zone are liable for taxes, assessments, and other charges legally pledged to pay the zone's debts and obligations.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect on July 1, 2012.

**Staff Summary of Public Testimony:**

(In support) This bill will create administrative efficiency, which will effectively save county taxpayers money. A recent analysis has shown that it costs King County \$1 million in combined administrative and overhead expenses to continue to have a county ferry district and flood zone control district. By transferring the duties of these districts to the county, the money can be spent on providing ferry services and strengthening levees in King County.

(In support with concerns) The underlying policy goal regarding cost-savings is important. However, the bill's provisions pertaining to surplus funds should be amended.

**Persons Testifying:** (In support) Representative Fitzgibbon, prime sponsor; and Genesee Atkins and Joe McDermott, King County.

(In support with concerns) Doug Levy, City of Kent and City of Auburn.

**Persons Signed In To Testify But Not Testifying:** None.